

2015 Energy Efficiency Funding Proposal Workshop

March 17, 2014

** Material provided in this presentation is preliminary and may change prior to finalizing the 2015 EE funding requests due March 26.*

Workshop Purpose

- The purpose of this workshop is to:
 - Provide a preview of the draft 2015 funding requests
 - Provide an opportunity for stakeholders to ask questions and seek clarification prior to the more formal comment period

Agenda

- **10:00- 12:15: Overview and 2015 Presentations and Q&A**
 - Kickoff (Jody London, moderator and Hazlyn Fortune, Energy Division)
 - Workshop Overview (SCE)
 - Statewide IOU EUC Home Upgrade Program (SDG&E)
 - Southern California Edison Company
 - San Diego Gas and Electric Company
 - Southern California Gas Company
 - The Energy Network

- **12:15- 1:00: Lunch**

- **1:00-2:30: 2015 Presentations and Q&A (cont.)**
 - Bay Area Regional Energy Network
 - Marin Clean Energy
 - Pacific Gas and Electric Company

Filing Overview

- The IOUs, RENs, and MCE have conferred with the Energy Division to establish final filing requirements. 2015 filings will include:
 - Proposed Program Modifications
 - Cost Effectiveness (E3) Calculators
 - Summary Tables & Placemats (energy savings, cost effectiveness, & budget projections)
 - Workpapers (new measures only)
 - Energy Savings Assumptions
 - Program Implementation Plans (new programs only)

Overarching Highlights

- Each administrator will present the following key elements as part of their presentations today (as applicable):
 - CPUC Goals
 - 2015 Funding Assumptions
 - 2015 Cost Effectiveness Considerations
 - 2015 Budget Requests & Savings Projections
 - Proposed Programmatic Changes
 - Energy Upgrade California Home Upgrade Program
 - Proposition 39 Support
 - Targeting Specific Locations
 - Other Proposed Changes
 - Administrators may also provide information on 2013-2014 projections and 2013 achievements as applicable

Energy Upgrade California Home Upgrade Program

Draft 2015 IOU Statewide Proposal
Athena Besa, SDG&E

Energy Upgrade California™ Home Upgrade

Program Description:

The Home Upgrade program is designed to build customer and contractor awareness of the house-as-a-system approach to residential retrofits and the many benefits of improving the comfort, safety, and energy savings potential of a house or multifamily building.

For single family, the program approach promotes two paths to retrofitting. These complementary paths are flexible, can accommodate a range of business models, and will be presented to customers as one comprehensive offering where possible.

Target Market:

- Existing single family and multifamily housing stock
- Focus on customers with older homes

Energy Upgrade California™ Home Upgrade

2013-2015 Ongoing Efforts:

- Key goal is to reduce market friction for customers and contractors to drive additional participation
- Many of the most impactful program changes suggested in the Scoping Memo are currently in process or are planned to occur in 2014 or 2015
- Increasing participation, especially with specialty contractors, is important. Need to carefully balance driving quantity while ensuring quality
- New software options for Advance Home Upgrade in development (Q3 2014)
 - Joint effort of IOUs, CEC, ED and stakeholders to broaden allowable software per D.12-05-014
 - PG&E lead IOU for development of CalTest and CalTrak

Energy Upgrade California™ Home Upgrade

Current Statewide Program Improvements:

- Added efficient variable speed pool pumps to Advanced Home Upgrade
- Additional measures added to Home Upgrade path (Q2 2014)
 - High efficiency windows
 - Efficient wall furnaces
 - New tiers of efficiency for AC Units (SEER 15), high efficiency furnaces (96% AFUE), and attic insulation (R-44)
- Revised Advanced Home Upgrade incentive structure (Q2/Q3 2014)
 - Pending further analysis by IOUs and Energy Division
 - Work collaboratively with stakeholders, contractors and Home Upgrade Working Group regarding recommendations

Energy Upgrade California™ Home Upgrade

Market Transformation Consultant (Mar 2014 - May 2015):

Conduct an assessment of California's current approach to EE market transformation for the comprehensive residential retrofit market, including a gap analysis, and to propose recommendations to enhance California's approach to transform the whole-house efficiency market. This effort will culminate in a report, build off of the work already conducted in California, and focus primarily on the single family existing buildings sector

- **Partner with the IOUs, RENs, and Stakeholder Working Group to conduct a comprehensive assessment and provide recommendations regarding, but not necessarily limited to, the following areas, in order to achieve a transformed, self-sustaining residential whole-house efficiency market by 2025.**
 - (a) Policy rules and guidance (e.g., cost-effectiveness methodology),
 - (b) Program design and delivery,
 - (c) Identification of key market transformation indicators,
 - (d) Program evaluation and monitoring, and
 - (e) Marketing, education and outreach.
 - (f) Ongoing and effective stakeholder engagement
 - (g) Other opportunities that can be leveraged
 - (h) Development of a ten year step-down incentive structure
 - (i) Contractor engagement model

Southern California Edison

Draft 2015 EE & IDSM DR Proposal

Background & Context

CPUC Goals

- SCE's EE goals for 2013-2015 are shown below

Southern California Edison EE Goals*

	2013	2014	2015
GWh	922	924	983
MW	181	177	160

*Figures include Codes & Standards and streetlighting goals

Savings Assumptions & Cost Effectiveness Considerations

- 2015 portfolio calculations based on DEER 2011 and adjusted 2013-2014 workpaper values
- Adjustment values will be included in the filing. Adjustment values estimate:
 - DEER 2014 update
 - Other changes not in DEER (e.g., other code impacts and updates to other non-DEER workpaper measures)

2015 Funding Request

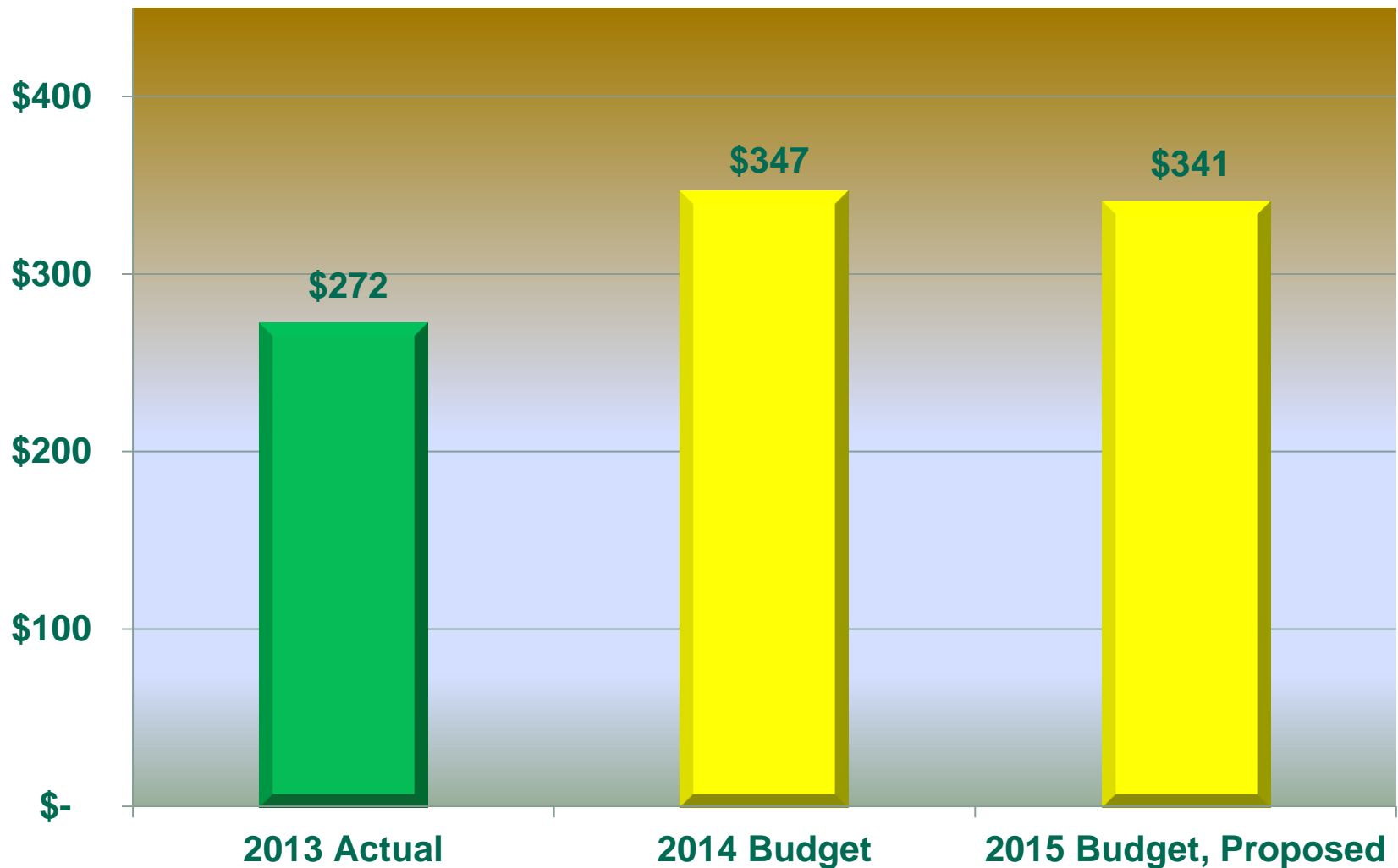
SCE 2015 Funding Request Overview*

EE Funding Request (millions)	\$341
Projected Energy Savings (GWh) ^[1]	956
Projected Energy Savings (MW) ^[1]	167
Projected TRC ^[1]	1.51
Projected PAC ^[1]	2.09
Projected TRC (without C&S)	1.13
Projected PAC (without C&S)	1.43
IDSM Demand Response Request (millions)	\$11.70

* All data is preliminary

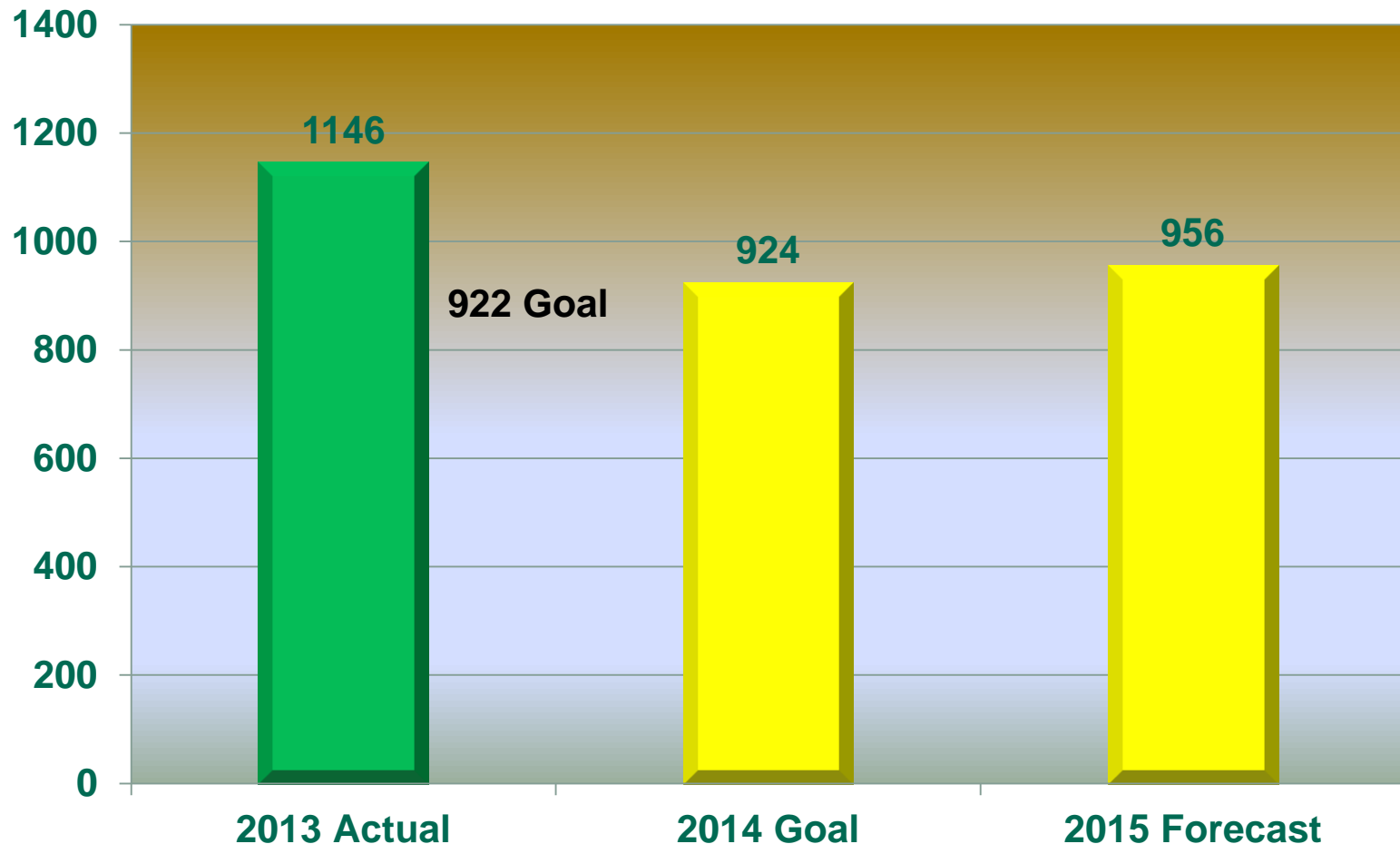
^[1] Includes Codes & Standards but excludes Energy Savings Assistance Program

2013 – 2015 Annual EE Budget (\$ in millions)*



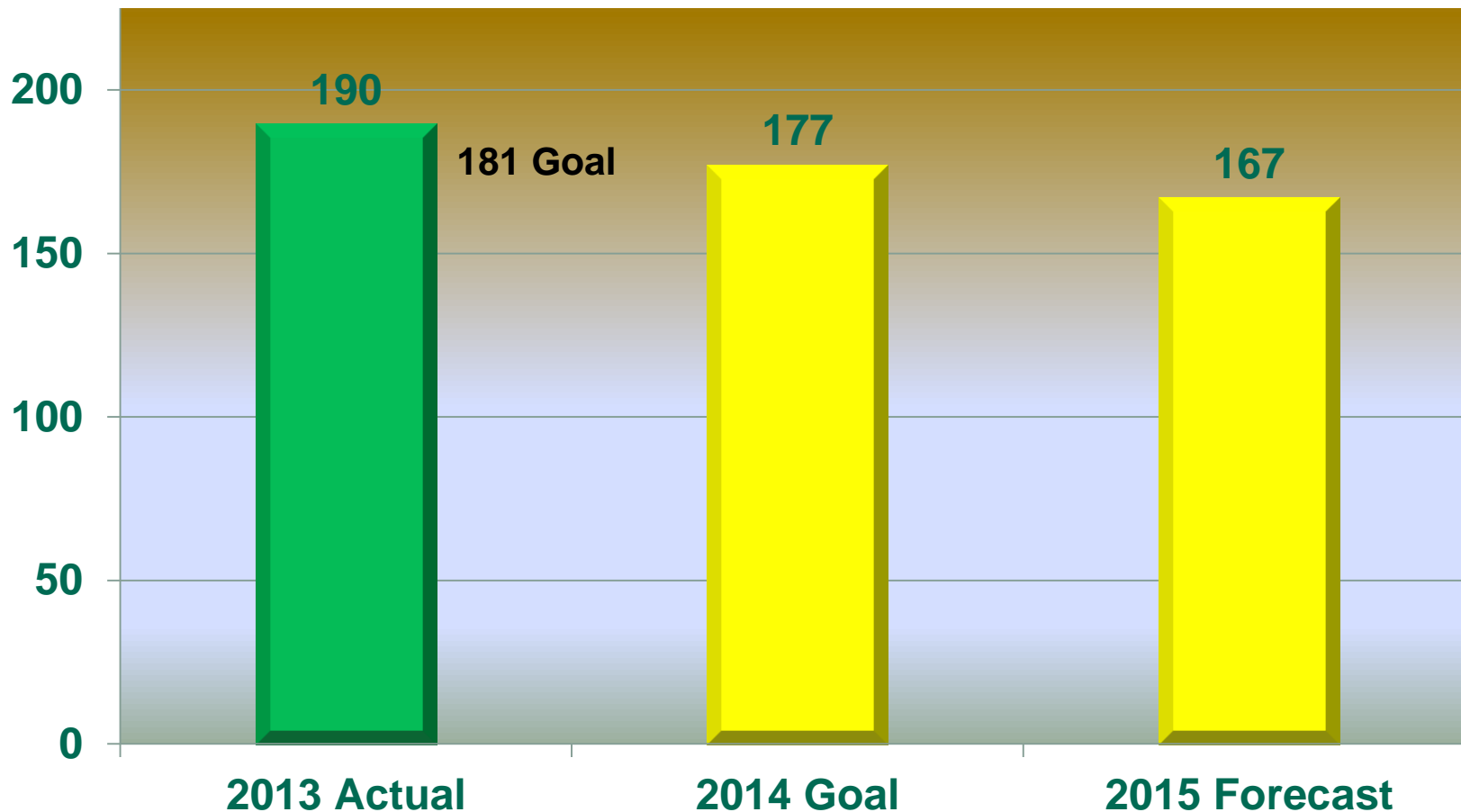
* 2013 data subject to final reconciliation, 2015 forecasts are preliminary

2013 – 2015 Annual Energy Savings (GWh)*



- * 2013 data subject to final reconciliation, includes Energy Savings Assistance Program, and CFL carryover
- * 2015 forecasts are preliminary

2013 – 2015 Annual Peak Savings (MW)*



* 2013 data subject to final reconciliation, includes Energy Savings Assistance Program, and CFL carryover

* 2015 forecasts are preliminary

2015 IDSM Demand Response Funding Request

- Proposal extends existing IDSM demand response programs into 2015, without programmatic changes
- Proposal requests extension of funding at 2013-2014 levels resulting in \$11.7 million for 2015

Programmatic Changes

Energy Upgrade California Home Upgrade Program

- SCE is working with the other IOUs, RENs, and ED on Program improvements. Improvements will be continued and expanded in 2015
- In addition, SCE is:
 - Integrating lighting/plug load measures from other SCE programs into EUC (e.g., ARP, HEER) to provide a single point of access
 - Using the Home Energy Advisor tool to track ongoing participation and encourage behavioral changes
 - Working with the SW team, contractors, and raters to improve processing and reporting requirements
 - Automated eligibility checks, reduced paperwork, reduced IOU confirmation time
 - Streamlined contractor requirements allows contractors to begin work within one day of customer meeting (previously five days)
 - Targeting and reaching out to contractors through ongoing discussions with trade organizations, direct call campaign to individual contractors, coordination with CBOs
 - Working with the other IOUs and ED to reassess the incentive structure

Proposition 39 – Supporting Our Schools

K-12 Schools

- Provide guidance to K-12 customers
 - Redesign Cool Schools program to cater to Prop 39 customers
 - Train account representatives to assist schools in understanding and packaging CEC and IOU programs
- Provide schools support services, such as:
 - Enhanced audit support, including coordinated effort with SCG
 - Benchmarking services and webinars for schools
 - Low touch/no touch audits
- Provide ratepayer funded rebates and incentives to complement Prop 39
 - Expand HVAC offerings
 - Cool Schools, SEEP, Commercial EE
 - Focus work with schools in SONGs affected area
- Explore Emerging Technologies projects for schools measures

Proposition 39 – Supporting Our Schools

Community Colleges

- Continue to leverage our CCC Partnership
- Actively engage the CCCs in Prop 39 projects through:
 - Project development
 - Audit and technical assistance
 - Incentives

Other Proposals

- Propose expedited review process for K-12 and CCC custom projects participating in Prop 39 to support implementation
- Seek confirmation from the CPUC that the IOUs will receive full attribution of energy savings from Prop 39 projects

Targeting Specific Locations with EE

- Targeting Specific Locations
 - SCE and Commission identified need for action with SONGS offline
 - For 2014 and 2015, SCE identified the region served by the Johanna-Santiago (J-S) substations as a high priority location
 - J-S region plays a critical role in the West Basin's reliability because of:
 - SONGS retirement (LTPP Track 4)
 - OTC regulations (LTPP Track 1)
 - Other reliability contingencies
- Outside of the EE proceeding, SCE launched a Preferred Resources Pilot (PRP) in the J-S region to:
 - Measure the local grid impact of preferred resources (PRs)
 - Demonstrate PRs can be used to meet local reliability needs
 - Implement a PR portfolio to address growth in local peak
 - Minimize/eliminate the need for gas-fired generation (and other "non-preferred" resources) at these locations
 - Identify lessons learned for application to other grid areas

Targeting Specific Locations with EE

- Additional J-S activities are being planned in conjunction with, and in support of, the PRP
 - J-S region peak demand driven by commercial office buildings
 - Modification of select program offerings and marketing starting 2014 and continuing through 2015
 - Focus on commercial HVAC and lighting
 - Increase marketing
 - Integrate and bundle products
 - Modify incentives
 - Review opportunities for leveraging other programs
- For 2015, SCE also proposes additional “early retirement” measures only in the J-S region due to serious capacity needs
 - Proposal follows Scoping Memo invitation to consider new ways to support activities in priority locations
 - SCE recognizes Commission’s desire to not have new “to-code” pilots

Other 2015 Program Modifications

- Other proposed 2015 modifications include:
 - Develop new Federal Institutional Partnership to address federal/military customer needs and opportunities
 - Discontinue programs that have been negatively impacted by Title 24 and other changes
 - Refinery EE Program
 - Entertainment Centers Program

Appendix

SCE 2013 Actual (Preliminary) (by program area)

Program	Preliminary Energy Savings (MWH)	Preliminary Demand Reduction (MW)	2013 Spent (millions) [1]
Residential	63,566,829	18,218	\$ 34,871,940
Commercial	314,346,505	61,449	\$ 111,743,188
Industrial	28,137,048	4,643	\$ 6,135,572
Agricultural	25,733,165	5,506	\$ 5,609,976
Lighting	210,960,586	30,242	\$ 14,004,754
Codes & Standards	262,099,964	31,534	\$ 3,570,826
Financing	-	-	\$ 4,781,094
Third Party Programs	109,523,498	16,093	\$ 41,389,829
Partnerships	39,903,839	6,253	\$ 20,280,981
Emerging Technologies	-	-	\$ 5,658,287
WE&T	1,153,996	175	\$ 8,520,093
IDSM			\$ 508,736
REN			\$ 157,677
EM&V			\$ 15,191,627
TOTAL	1,055,425,432	174,113	\$ 272,424,580
Outreach/Statewide ME&O (Pre 2013)			\$ 1,166,039
LIEE	32,273,102	9,512	\$ -
CFL Carryover	58,630,930	5,998	\$ -
GRAND TOTAL	1,146,329,464	189,623	273,590,619

[1] Includes expenses from pre 2013 carryover

SCE 2014 Portfolio (Annualized)* (by program area)

Program	Forecasted Energy Savings (MWH)	Forecasted Demand Reduction (MW)	Funding Request Annualized (millions)
Residential	87,032,630	19,574	\$ 45,450,000
Commercial	285,347,929	59,772	\$ 85,700,000
Industrial	86,722,532	14,907	\$ 16,400,000
Agricultural	18,014,830	4,614	\$ 5,230,000
Lighting	145,864,109	25,188	\$ 18,530,539
Codes & Standards	246,317,235	33,482	\$ 5,880,739
Financing	-	-	\$ 40,612,500
Third Party Programs	197,757,080	28,941	\$ 51,531,906
Partnerships	54,774,695	10,415	\$ 25,120,000
Emerging Technologies	-	-	\$ 10,592,715
WE&T	1,028,804	130	\$ 8,995,000
IDS			\$ 855,000
REN			\$ 17,874,084
EM&V			\$ 14,332,187
TOTAL	1,122,859,845	197,024	\$ 347,104,670
LIEE	33,504,938	7,539	\$ -
GRAND TOTAL	1,156,364,782	204,563	347,104,670

* Compliance Filing values (Annualized)

SCE 2015 Portfolio

Funding Request (by program area)

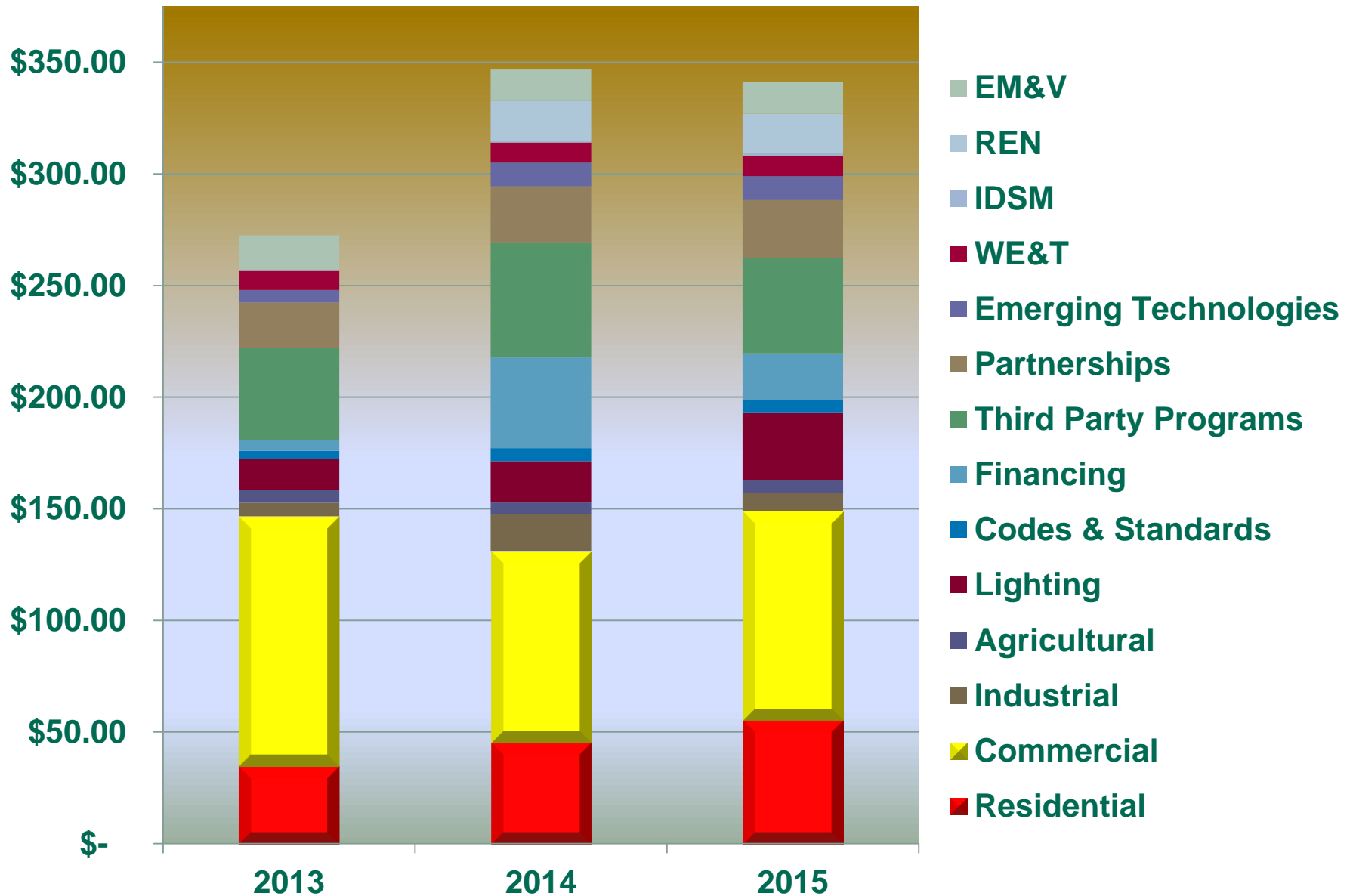
Program	Forecasted Energy Savings (MWH)	Forecasted Demand Reduction (MW)	Funding Request (millions)
Residential	76,553,801	19,809	\$ 55,401,221
Commercial	193,228,591	41,065	\$ 93,356,656
Industrial	15,487,954	2,555	\$ 8,449,087
Agricultural	8,765,895	1,821	\$ 5,482,621
Lighting	183,020,263	28,127	\$ 30,164,252
Codes & Standards	291,495,893	45,577	\$ 5,977,851
Financing	-	-	\$ 20,797,430
Third Party Programs	135,081,703	21,619	\$ 42,823,674
Partnerships	51,339,939	6,296	\$ 25,822,686
Emerging Technologies	-	-	\$ 10,768,180
WE&T	964,345	162	\$ 9,164,656
IDSM			\$ 887,260
REN			\$ 17,874,242
EM&V			\$ 14,235,540
TOTAL	955,938,385	167,031	\$ 341,205,355
ME&O ^[1]			\$ 6,990,778
LIEE	33,504,938	7,539	\$ -
New Finance Offerings ^[2]			\$ 11,746,005
IDSM Demand Response Request ^[3]			\$ 11,746,000
GRAND TOTAL	989,443,323	174,570	371,688,138

[1] Statewide ME&O budget as approved in A.12-08-007

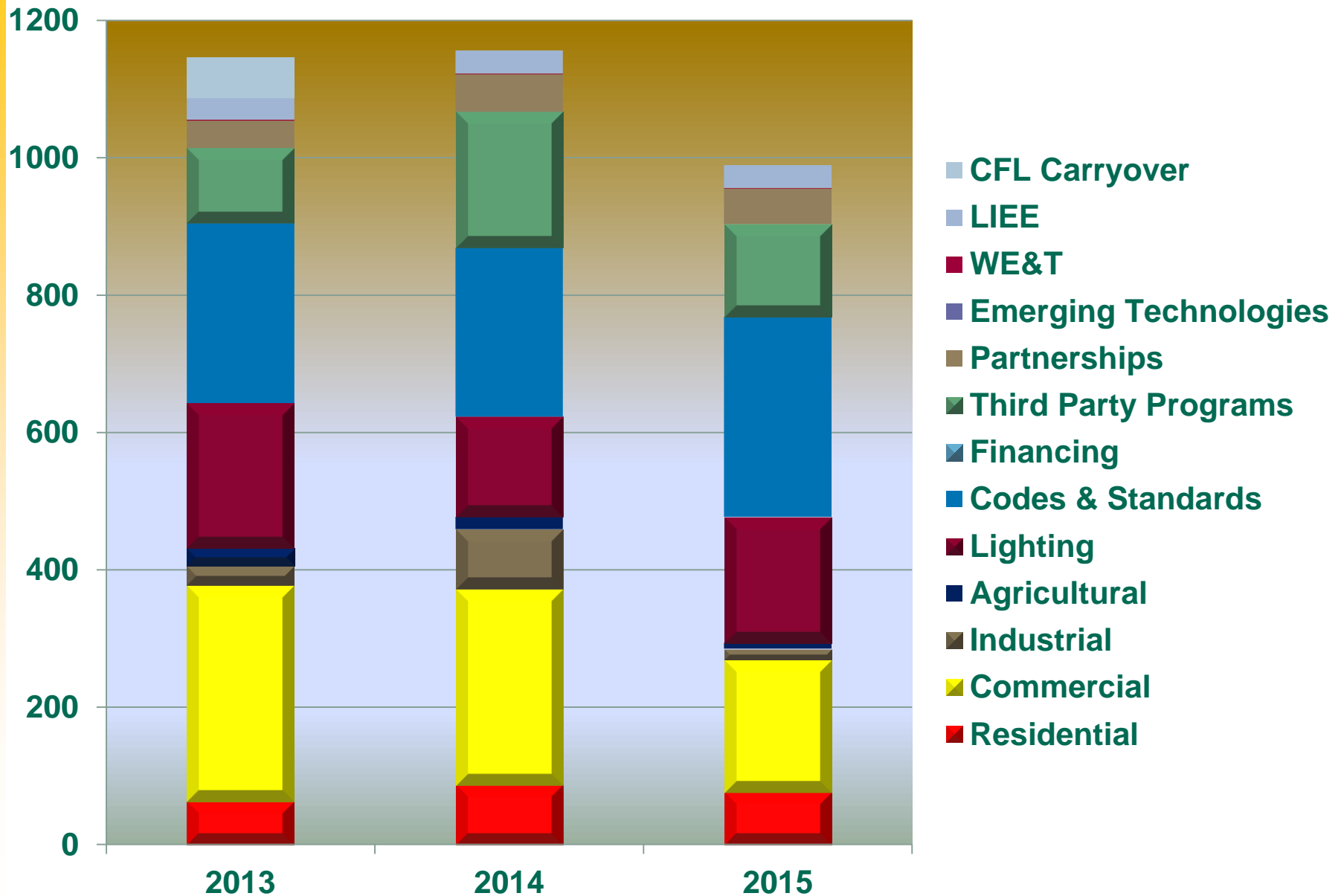
[2] Financing Program budget as approved in D.09-09-047 and D.13-09-044.

[3] D.12-04-045 directed the IOUs to seek IDSM DR funding through the EE proceeding

2013 - 2015 EE Budget (millions)



2013 - 2015 Annual Energy Savings (GWh)



2013 - 2015 Demand Reduction (MW)

